

Message Text

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ORIGIN STR-04

INFO OCT-01 EA-07 IO-11 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA PRIORITY

INFO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 054764

GENEVA FOR PHELAN

E.O. 11652: GDS

TAGS:ETRD, AS

SUBJECT: AUSTRALIAN TARIFF QUOTAS ON TEXTILES

REFS: GENEVA 1280, CANBERRA 1188, 1529

1. THE GLOBAL TARIFF QUOTA IMPOSED BY AUSTRALIA ON
IMPORTS OF KNITTED TOPS IS CONTRARY TO PRECEPTS OF U.S.
TEXTILE POLICY. THE U.S. BELIEVES THAT PROBLEMS
CONCERNING INTERNATIONAL TEXTILE TRADE SHOULD BE RESOLVED
WITHIN THE FRAMEWORK PROVIDED BY THE ARRANGEMENT REGARDING
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INTERNATIONAL TRADE IN TEXTILES (MFA) AND NOT BY

RESORTING TO ADDITIONAL TARIFF MEASURES. THE TARIFF QUOTA IMPOSED BY AUSTRALIA IS, MOREOVER, PROBABLY INCONSISTENT WITH THE PROVISIONS OF ARTICLE 9 OF THE MFA REGARDING MEASURES WHICH "MAY HAVE THE EFFECT OF NULLIFYING THE OBJECTIVES OF THE ARRANGEMENT" AND THE PROVISIONS OF PARAGRAPH 2 OF ARTICLE 3 WHICH REQUIRE THAT RESTRICTIONS BE DIRECTED AGAINST THE PARTICULAR COUNTRIES WHOSE EXPORTS ARE CAUSING MARKET DISRUPTION, AS WELL AS ANNEX A, PARA II(I).

2. ALL THIS BEING SAID, THE AUSTRALIAN ACTION MUST, VIS A VIS OUR OWN NARROW CONCERNS, BE VIEWED FROM THE PROPER PERSPECTIVE. THE VOLUME OF U.S. TRADE AFFECTED BY AUSTRALIA'S ACTION ON THESE PARTICULAR TEXTILES IS MINIMAL. FURTHERMORE, IN VIEW OF THE INHERENT AND NEWLY REVIVED INTENSE SENSITIVITY OF AUSTRALIA'S SMALL DOMESTIC TEXTILE MARKET TO UNCONTROLLED INCREASES IN IMPORTS, THE PROSPECTS THAT AUSTRALIA WILL BE WILLING TO CONFINE ITS PROTECTION MEASURES TO THOSE SANCTIONED BY

THE MFA ARE, PERHAPS UNDERSTANDABLY, SMALL. MOREOVER, ALTHOUGH AUSTRALIA'S ACTION MAY TEND TO WEAKEN THE MFA, ACTIVE EMOTION-FILLED DISCUSSION OF THE ISSUE IN GENEVA OR ELSEWHERE PROBABLY WILL NOT HELP MATTERS FOR THE GOA, THE EXPORTING COUNTRIES MOST SUBSTANTIALLY EFFECTED, OR THE INTERNATIONAL TEXTILE TRADING COMMUNITY AS A WHOLE.

3. IN VIEW OF PARAGRAPH 2 ABOVE, THE U.S. DOES NOT INTEND TO INITIATE DISCUSSION IN EITHER THE TEXTILE SURVEILLANCE BODY (TSB) OR THE GATT OF AUSTRALIA'S TARIFF QUOTA ON KNITTED TOPS NOR WILL THE U.S. ENCOURAGE OTHER COUNTRIES TO INITIATE SUCH DISCUSSIONS. MOREOVER, SHOULD THE ISSUE ARISE IN EITHER THE TSB OR THE GATT, THE U.S. WOULD ATTEMPT TO MAINTAIN BALANCE IN THE DISCUSSIONS AND TO AVOID DECISIONS OR RECOMMENDATIONS WHICH WOULD FOCUS UNDUE INTERNATIONAL ATTENTION UPON DIFFERING APPROACHES TO RESOLUTION OF PROBLEMS OF TEXTILE MARKET DISRUPTION OR WHICH WOULD BE DIVISIVE. HOWEVER, THE GOA SHOULD BE GIVEN TO

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UNDERSTAND THAT ON THE KEY ISSUES OF THE APPROPRIATENESS OF THE MFA FRAMEWORK FOR RESOLVING TEXTILE TRADE PROBLEMS AND THE NEED TO MAKE TEXTILE IMPORT RESTRICTIONS CONSISTENT WITH THE MFA FRAMEWORK, THE U.S. WOULD BE COMPELLED TO MAINTAIN ITS POLICY. WERE A CONSENSUS TO DEVELOP ALONG THESE LINES IN THE TSB OR GATT, THE US WOULD HAVE NO ALTERNATIVE BUT TO SUPPORT THAT CONSENSUS.

4. IN ANY EVENT, WHILE THE USG APPRECIATES THE PROBLEMS
THE GOA NOW FINDS ITSELF IN VIS A VIS TEXTILE IMPORTS
AND TO A CERTAIN EXTENT CAN EVEN SYMPATHIZE WITH GOA
ATTEMPTS TO RESOLVE THESE PROBLEMS, THE USG CANNOT AND
WILL NOT SUPPORT LATEST GOA MEASURES. EQUALLY, UNLESS
FORCED TO DO OTHERWISE, NEITHER WILL THE USG OPPOSE
THE MEASURES EITHER OVERTLY OR PRIVATELY. KISSINGER

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